

HEALTH CARE FINANCING ADMINISTRATION

OMB NO. 0938-0183

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 2 - 0 1 5

2. STATE:

Utah

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN☐ AMENDMENT

COMPLETE BLOCKS 8 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

~~SECTION~~ Section 1902(a)(13)(A) of the Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 2,362,500

b. FFY 2003 \$ ~~MAX~~ 9,450,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D Sections 500, 600 and 900

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:

Nursing Facility Funding Rates

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Rod L. Betit*

13. TYPED NAME:

Rod L. Betit

14. TITLE:

Executive Director, Utah Department of Health

16. RETURN TO:

Rod L. Betit

Department of Health

P.O. Box 143102

Salt Lake City, UT 84114-3102

15. DATE SUBMITTED:

Sept. 30, 2002

17. DATE RECEIVED:

October 7, 2002

18. DATE APPROVED:

July 1, 2002

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:

*Charlene Brown*

21. TYPED NAME:

Charlene Brown

22. TITLE:

Deputy Director, CMSA

23. REMARKS:

POSTMARK: September 30, 2002

500 ALLOWABLE COSTS

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## 501 GENERAL

Allowable costs will be determined using the Medicare Provider Reimbursement Manual (HCFA-Pub. 15-1), except as otherwise provided in this Plan.

## 520 OWNERS COMPENSATION

Owners and their families may claim salary costs as permitted by HCFA-Pub. 15-1.

## 530 FRINGE BENEFITS

Benefits are allowed as permitted by HCFA-Pub. 15-1.

## 540 ALTERNATIVE PROGRAMS

Some long-term care providers provide specialized programs which are not covered by Medicaid. One such program is day care for older people living in their own homes. Such programs are carved out of the FCP as non-allowable costs. In completing the cost finding for the Medicaid program, two alternatives are available. First, at the election of the provider or when prior approval is not obtained, Medicare cost-finding methodology will apply. Under Medicare cost-finding the specialized program receives its share of overhead allocation on a step-down schedule incorporated in the annual cost report. However, the provider may submit and the State may approve, alternative revenue offsets as opposed to cost finding. Advance approval must be obtained prior to the beginning of the reporting period.

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T.N. # 02015

Approval Date

Supersedes T.N. # 95-12Effective Date 7-1-02

MAY 16 2003

## 600 PROPERTY

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633 NEW CONSTRUCTION PROPERTY DIFFERENTIAL

The property differential for new construction and related property costs will be the lesser of:

1. Actual property costs in excess of the property cost included in the base rate. The property cost in the base rate was calculated at \$8.95 per day for the period beginning July 1, 1995. This figure was inflated forward to \$11.19 for Fiscal Year 2003.
2. The simple average property differential of all nursing facilities that have a property differential. This is the new property allowance.

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T.N. # 02015Approval Date MAY 16 2003Supersedes T.N. # 95-12Effective Date 7-1-02

## 900 RATE SETTING FOR NFs

## 900 INFORMATION

Rate setting is completed by the Division of Health Care Financing (DHCF) based on funds allocated each year by the State Legislature. Funding requests for nursing facility rate increases are submitted to the legislature each year and are based on national indices published by the U.S. Department of Labor. Cost and utilization data are required from Facility Cost Profile reports.

## 920 RATE SETTING

Effective July 1, 2002, each nursing facility's rate is determined by inflating the rate in effect June 30, 2002 by 7 percent and adding the difference between property costs included in the current rate and property costs as reported in the facility's 2001 Facility Cost Profile. A property cost cap of \$20.00 per patient day is imposed. Property costs in each facility's current rate is calculated to be \$11.19 per day plus any existing property differential (see Section 922) for the facility.

Newly certified facilities will receive a rate equivalent to the average rate for all existing nursing facilities. This average rate for the current year (July 1, 02 thru June 30, 03) is \$105.55 per patient day.

## 922 PROPERTY DIFFERENTIAL

The property differential category was established on July 1, 1991, and has not changed unless there is new construction. The property differential represents about 5% of the property costs and is described in Section 600.

## 925 SPECIALIZED REHABILITATION SERVICES (SRS)

An amount is added to the facility rate that pertains to approved patients. Because the SRS rate (see Section 1920) is paid in addition to the facility rate, the resulting revenue is offset against the nursing costs on the FCP. This adjustment is needed after the first year to prevent duplicate payments.

T.N. # 02-015

Approval Date MAY 16 2003

Supersedes T.N. # 98-11

Effective Date 7-1-2002